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STRENGTHENING OF THE COORDINATION OF HUMANITARIAN AND DISASTER RELIEF ASSISTANCE OF THE UNITED NATIONS, INCLUDING SPECIAL ECONOMIC ASSISTANCE: SPECIAL ECONOMIC ASSISTANCE TO INDIVIDUAL COUNTRIES OR REGIONS

Assistance for the reconstruction and development of El Salvador

Report of the Secretary-General

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I. BACKGROUND

1. El Salvador is facing the challenge of bringing about the country's economic and social reconstruction, consolidating a new democratic State and overcoming the poverty that besets much of its population.

2. In January 1992, the Peace Agreement 1/ signed at the Chapultepec Castle in Mexico City between the Government of El Salvador and the Frente Farabundo Martí para la Liberación Nacional (FMLN) marked the formal conclusion of 12 years of political and military conflict which had caused the loss of 75,000 lives, triggered the emigration of approximately 1 out of every 5 Salvadorians and displaced hundreds of thousands within the country. The damage to El Salvador's economic and social infrastructure is estimated at more than US$ 1.6 billion. The Chapultepec Agreement and the agreements which preceded it set forth commitments whose purpose was to establish the specific requirements for ending the armed conflict, tackle some of the causes of the conflict by attempting to lay the groundwork for a new, democratic and participatory model of society, and facilitate the massive process of reconstruction.

3. Foremost among these commitments were (a) the demilitarization of the country, to be accomplished by transforming and downscaling the Armed Forces of El Salvador (FAES) and by demobilizing FMLN and integrating it into society; (b) replacement of the old military police with a new National Civil Police, recruited from the new National Public Security Academy; (c) reform of the judicial system by establishing the National Council of the Judiciary, its Judicial Training School and the National Counsel for the Defence of Human Rights; (d) reform of the electoral system; and (e) economic and social agreements and reforms including, inter alia, the establishment of a Forum for Economic and Social Consultation and the implementation of a National Reconstruction Plan. The objective of this Plan is to support the process of peace and foster national reconciliation by creating the conditions necessary for the social and economic integration of those hardest hit by the conflict. It is designed to complement the central poverty alleviation and investment programmes.

4. Two and a half years have elapsed since the signing of the Agreement. This period, which included an emergency phase, was linked to the complex process of demobilization and its immediate consequences. As this process progressed, longer-term challenges emerged. It was necessary to establish and consolidate new democratic institutions. It was also necessary to move from emergency projects to reconstruction and development projects that would ensure the reintegration into civil society of the former combatants of FMLN and demobilized personnel of the Armed Forces of El Salvador (FAES), fully address the needs of the people hit hardest by the conflict and, thus, repair the social, family and national fabric.

5. The broad agenda for consolidating peace necessarily presupposes reconstruction, democratic participation and development. This is a very wide-ranging agenda, and the economic environment in which it must be carried out is very complex. National reconstruction is closely linked to the state of the Salvadorian economy, that is, its recovery and expansion. The success of the process will depend on achieving more sustained economic growth, increasing

productivity, generating permanent employment, being able to reduce the current level of poverty, expanding and improving social services, strengthening the mechanisms for participation and restoring the credibility of the judicial system. It is also necessary to modernize the State and to carry out structural and fiscal reforms.

6. The human and material destruction wreaked by the conflict is compounded by a social and economic situation in which 6 out of 10 Salvadorians are living in poverty and at least 25 to 30 per cent are living in extreme poverty. In addition, the Salvadorian economy has been affected by a decline in real income and by a decrease in bilateral assistance in the last decade.

II. ECONOMIC SITUATION IN 1993 AND OUTLOOK FOR 1994

A. Economic situation in 1993

7. The Salvadorian economy experienced a growth in the gross domestic product (GDP) and per capita GDP of 5.0 per cent and 2.4 per cent, respectively, in comparison with 1992. Inflation decreased significantly to 12 per cent, its lowest level in any of the past five years. The fiscal deficit fell to 3 per cent of GDP in 1993 owing in large measure to increased tax revenues and reduced spending.

8. Exports were more vigorous in 1993, rising to over US$ 720 million, their highest level since 1986. The commodities contributing to this increase were coffee and non-traditional products for the Central American market. The significant rise in non-traditional exports to Central America - principally Guatemala and Honduras - was due to the lowering or elimination of trade barriers.

9. Despite the increase in exports (21 per cent), the trade deficit for 1993 stood at over US$ 1,170 million. This shortfall was offset by an inflow of foreign exchange, chiefly in the form of family remittances and grants. Remittances, estimated at US$ 825 million, contributed to the year-long stability of the nominal rate of exchange, which registered an annual depreciation of only 3 per cent. A further drop in the real rate of exchange in 1993 decreased the cost of imports and increased that of exports, making it difficult to correct the trade balance.

10. Net international reserves for the year rose to US$ 650 million, a 30 per cent increase over 1992. At the close of 1993, the external debt balance was US$ 1,994,000,000, which is below the level registered at the close of 1989. Savings obtained in the external debt negotiation processes over the past four years total US$ 679 million, 88 per cent of which was achieved in 1993. Lastly, tax revenues as a percentage of GDP rose from 8.3 per cent in 1992 to 9.4 per cent in 1993.

11. As mentioned in last year's report, fiscal fragility and internal resource constraints continue to make the Salvadorian economy dependent on funds from family remittances, grants and loans from abroad.

B. Economic outlook for 1994

12. The Government's main macroeconomic objectives for 1994 are as follows: to increase the rate of economic growth (from 5 to 5.5 per cent); to continue to reduce inflation (from 12 to 8 per cent); to hold the non-financial public-sector deficit at 2 per cent of GDP or less; to increase tax revenues; to increase domestic saving and productive investment; to consolidate the public finance reforms; and to improve the efficiency and competitiveness of the financial system.

13. The trade deficit is likely to grow by 8 per cent, and family remittances are expected to increase by US$ 41 million over 1993. The trade deficit should continue to be financed basically by family remittances, grants, government loans and private capital contributions - the first two of which are highly fragile in the medium term. Preliminary estimates for the balance of payments are positive, since net international reserves are projected to increase by approximately US$ 75 million.

III. OBSTACLES AND PROSPECTS FOR THE RECONSTRUCTION PROCESS AND DEMOCRATIZATION

14. The consolidation of peace through national reconstruction, measures to address the needs of the poorer sectors of the population affected by the conflict and the strengthening of democracy needs to be more closely harmonized with the economic adjustment and stabilization programme. Implementation of the peace agreements and the programmes derived from them must become the cornerstone of the country's Economic and Social Development Plan and of the programme to modernize the State. Currently a large number of projects related to the peace agreements have been subordinated to the economic reforms and goals set by the Government. At the same time, it would be difficult to carry out the programmes linked to the Peace Agreement without economic stability.

15. With regard to the implementation of the programmes for national reconstruction and the strengthening of democratic institutions, the financial requirements will have to be met largely with external funds because of the restrictions placed in the stabilization programme on the growth of the fiscal deficit and its financing with internal resources. Internal resources should be more readily available for these programmes and for poverty alleviation programmes through reallocations from the national budget and a redistribution of the profits accruing to the country as a result of privatization and fiscal reform, without this affecting the restrictions imposed by the stabilization programme.

16. The development of programmes to cater to the needs of former combatants, demobilized personnel and landholders provided for in the agreements within specified time-limits do not per se guarantee the sustainability of reintegration. These programmes must be supported by development projects guaranteeing the generation of permanent employment and sufficient income to cover minimum needs and helping to repair the social fabric. If the process is to be sustainable in the medium and long term, substantive changes are needed in programmes catering for the needs of former FMLN combatants, demobilized members

of FAES and the civilian population in the areas in which they have settled. Ongoing initiatives must be supplemented by new economic, social and political integration and reintegration projects that will ensure the transition from an emergency approach to one of sustainable development. There is a high risk of social disintegration if the basic needs of the population settled in the former conflict zones are not fully addressed.

17. Project-specific evaluations, especially those relating to rural reintegration, show that delays in implementation have led to a feeling of uncertainty among demobilized personnel, former combatants and their families, difficulties in resettling them and the absence of a favourable environment to launch sustainable productive activities.

18. The Government of El Salvador and the other parties concerned with consolidating the country's peace and prosperity must continue to support the various efforts to honour, with the least possible delay, the commitments entered into under the agreements and take new measures to guarantee the functioning of democratic institutions, the reintegration of the poorer groups affected by the conflict and the improvement of their living conditions. In this context, the following must be addressed as a matter of particular urgency: (a) solving the problems of human settlements for former combatants, demobilized personnel and the civilian population, including the provision of basic economic and social infrastructure; (b) taking measures to accelerate the process of transferring land, extending credit (investment and inputs in kind) and providing ongoing technical assistance; and (c) providing support for the functioning and improved efficiency of the National Civil Police.

19. National reconstruction and democratization have advanced considerably since the signing of the peace agreements. Technical and financial cooperation is still needed from the international community, however, failing which there is little likelihood of consolidating economic growth, reconstruction, improved living conditions for the poorest sectors of the population, peace and democracy. It is also desirable that the Government and donors speed up the process of disbursing the funds pledged and approving specific projects that will make up for the delays in initiating or expanding the various peace-related programmes.

20. The international community has responded generously to the financing of major infrastructure, social services and other social projects but less so to the appeals for the funding of some programmes directly related to the agreements that are crucial for the consolidation of peace. Among these are programmes concerning the establishment, strengthening and functioning of democratic institutions and those relating to the land programme.

21. Progress in the democratization process affords substantial scope for increased citizen participation in the country's economic and social development. National reconstruction and programmes addressing the needs of the poor population affected by the conflict can be more effective if they are linked to a process of administrative decentralization and participation by civil society in project formulation and implementation. The establishment of mechanisms and rules to involve beneficiaries as agents of their own development would require resources to provide sound technical assistance. These resources

might be obtained by restructuring public spending, increasing tax revenue or reorganizing external assistance.

IV. ADVANCES IN RECONSTRUCTION AND THE STRENGTHENING OF DEMOCRATIC INSTITUTIONS

A. Financial requirements and response from the international community

22. At the meeting of the Consultative Group in Paris in April 1993, the Government of El Salvador submitted to the international community the priority financial requirements for: (a) The National Reconstruction Plan; and (b) The establishment and strengthening of democratic institutions and the economic and social reintegration of former combatants and demobilized personnel, as provided for in the peace agreements.

23. The financing priorities for the consolidation of peace and national reconstruction for the period 1993-1996 were estimated at US$ 1,533,000,000, with a proposed government share of 26 per cent. The negotiations conducted by the Government in the past two and a half years, in some instances with the support of United Nations organizations, yielded funding pledges from the international community amounting to US$ 577 million in grants and loans.

24. While steps must be taken to secure the disbursement of the aid pledged, a number of priority requirements for 1994-1996, amounting to over US$ 550 million, remain to be covered from external sources. According to official information, additional reimbursable and non-reimbursable cooperation resources amounting to US$ 118 million are being sought from various donors for projects related to the National Reconstruction Plan, including funding for new democratic institutions, the reintegration of former combatants and demobilized personnel, and poverty alleviation.

25. It should be pointed out that the main problem faced in securing funding for the consolidation of peace is the decline in the resources provided by several donors since 1994. According to a report prepared by the United Nations Development Programme (UNDP), on technical and financial cooperation for El Salvador for 1992-1995, there is a distinct downward trend in cooperation for El Salvador, even though there have been new donors since 1992.

B. Progress and implementation of projects

26. On the basis of the priorities identified in the peace agreements, various programmes and projects were formulated with the aim of: (a) achieving the economic and social reintegration of former FMLN combatants and demobilized members of FAES and solving the land problem of those known as "landholders"; (b) addressing the economic and social needs of the population most affected by the conflict and improving the living conditions of the poorest groups; and (c) consolidating and strengthening democratic institutions.

27. In the annex to this report, a description is given of the progress achieved in 1993-1994 in implementing the main programmes and projects related to the national reconstruction and democratic development process. Some of the ongoing initiatives, formulated and approved in compliance with the commitments assumed under the peace agreements, were agreed upon in consultation with the signatories of the Peace Agreement. Support was given through the United Nations Observer Mission in El Salvador (ONUSAL), and in some cases with the participation of UNDP, to the consultation processes relating to the preparation and implementation of projects for the reintegration of former FMLN combatants.

28. The continuing dialogue and consultation for the execution of several reintegration projects facilitated their implementation, provided a mechanism for solving various problems and generated discussions about the design and conditions of execution. Project implementation was seriously hampered by resource constraints, delays in disbursements of internal and external funds, the deferment of other initiatives on which the development of a number of projects hinged, and the unique nature of a process for which there was no precedent that might have helped to accelerate decision-making.

29. Non-governmental organizations and civilian institutions were involved alongside government bodies and institutions in the implementation of projects related to reintegration, reconstruction and assistance for groups affected by the conflict. A significant number of non-governmental organizations have continued to cater to the needs of affected groups in specific parts of the country through contributions which various donors channel directly through them. No detailed information is available on these projects, which might be included in this type of report.

30. In addition to the government resources intended for the financing of programmes and projects in the areas mentioned in the annex, the country has received fresh funding and pledges of cooperation through various mechanisms. This provides support for the process, although significant priority requests and requirements remain to be covered. Since 1992 the international community has responded to some appeals for assistance through loans and grants provided as part of bilateral cooperation (Australia, Austria, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden, Switzerland, Taiwan Province of China, United Kingdom of Great Britain and Northern Ireland and United States of America) and of multilateral cooperation (United Nations bodies and organizations, Central American Bank for Economic Integration, Inter-American Development Bank, International Bank for Reconstruction and Development and European Union).

Notes

1/ A/46/864-S/23501, annex; see Official Records of the Security Council, Forty-seventh Year, Supplement for January, February and March 1992, document S/23501.

ANNEX

Progress report on the principal programmes and projects relating to the process of national reconstruction

A. Economic and social reintegration of former combatants of FMLN and of demobilized members of the armed forces of El Salvador and assistance to landholders

1. The aim of the reintegration projects is to support recovery of the national productive capacity, by helping to repair the social fabric and promoting reintegration into civilian life. Urban and rural programmes are being developed to stimulate the generation of permanent employment and income for the former combatants of FMLN and demobilized members of the Armed Forces of El Salvador (FAES), together with the rural inhabitants with direct links to those beneficiaries. These programmes aim to disseminate knowledge and develop skills. They are complemented by technical assistance and granting of credits, access to land (in rural areas) and support for decent human settlements. Over the last two years the main focus has been on short-term projects.

2. The Government's programme for supporting the reintegration of former combatants of FMLN and demobilized members of FAES, which was developed during the latter part of 1992, provided for assistance to 10,944 former combatants of FMLN and 30,000 demobilized members of FAES under a number of different projects. Of the FMLN personnel, 7,713 were considered as receiving assistance under rural reintegration schemes and 3,231 under urban schemes. In the case of FAES, it was estimated that 15,000 individuals would be reintegrated into civilian life in urban activities and a similar number in the rural sector, particularly in agriculture. The peace agreements also provided that up to 25,000 landholders who had occupied land during the years of conflict would be considered as having received assistance for reintegration in the form of land grants. A small number of these have participated in agricultural training programmes organized for former combatants and demobilized persons.

3. The implementation of activities intended to support urban and rural reintegration has been seriously delayed, as will be seen from the following sections. This has affected the majority of former combatants, demobilized members of FAES and landholders, together with their families. One difficulty which needs to be resolved in the near future is assistance with urban and rural reintegration for demobilized members of FAES who have still not benefited from specific projects. On the basis of the figures specified in the peace agreements, it is estimated that approximately half of them have not yet received assistance.

4. The National Police is gradually being replaced as a security force by the new National Civil Police (PNC); the process of demobilizing the National Police, scheduled for completion in November 1994, will require further assistance for the potential reintegration of 6,000 members. The Government has

provided counselling for 2,600 members and intends to develop urban and rural reintegration projects similar to those established for former combatants of FMLN and demobilized members of FAES. Through the Secretariat of National Reconstruction, the Government has approved the use of resources to initiate these activities but additional financing will be needed.

1. Rural reintegration

5. During 1993 and 1994 rural reintegration projects have benefited fewer people than originally estimated in 1992. This has led, among other things, to a demand for jobs in urban areas. However, to date no new proposals for medium- and long-term assistance have been put forward.

6. The progress of each rural integration project will be described below, but the situation can be summarized as follows: (a) as of mid-August, only 11,936 of the 40,648 people who have a land transfer agreement have completed the relevant legal procedures; (b) 8,800 former combatants of FMLN, demobilized members of FAES and landholders have received regular agricultural assistance out of an original estimate of 11,531 (crop year 1993/94); (c) resources have been obtained and projects initiated to allocate emergency housing to 6,000 former FMLN combatants and demobilized members of FAES; a European Union project has started in the department of Usulután for construction of dwellings for a potential 3,000 former FMLN combatants and demobilized FAES personnel; and a project has been established to provide 1,935 housing units and facilities for former combatants in other departments; (d) during the last two crop years (1993/94 and 1994/95) 8,843 loans were made for agricultural production. This figure is not necessarily the same as the number of loan recipients.

7. The land-transfer programme (PTT) is one of the central points of the Peace Agreement. The successful implementation of other initiatives depends on this programme. The land programme is based on the Secretary-General's proposal of 13 October 1992, which, once agreed by the parties, was incorporated into the peace agreements as an addendum. The programme provides for the transfer of land to a maximum of 47,500 beneficiaries, including up to 7,500 former combatants of FMLN, 15,000 demobilized members of FAES and 25,000 landholders. As indicated above, the currently agreed number of potential beneficiaries is 40,648, of whom 29 per cent now legally own their property.

8. By October 1993 only 8 per cent of the land covered by the land programme had been transferred to former combatants. This was due in part to the complexity of the procedures governing land transfer, the availability of financing for the programme, the identification of sufficient beneficiaries to correspond to the capacity of some properties and changes in the selling price of properties. By mid-August 1994, only 8,936 FMLN beneficiaries (31 per cent) and around 3,000 FAES beneficiaries (25 per cent) had completed the relevant legal procedures. These figures show that the programme is once again at a standstill. By the end of April, 11,585 people had received title to land and

by mid-August this figure had only increased to 11,936, that is, it was still below the target of 12,000 set for the end of 1993, which both the Government and FMLN had thought feasible (see S/1994/561, para. 67, and S/1994/1000, para. 28).

9. In mid-November 1993, the Government, in consultation with FMLN and ONUSAL, drew up a plan to accelerate land transfers, which gave rise to a new discussion over the possibility of reducing the number of land transfer beneficiaries which had been agreed. Since then other plans have been agreed by the parties but they have not yet resulted in any tangible progress in implementation of the land programme.

10. During 1993 and 1994, in order to support the process of rural reintegration, various programmes have been set up to deal with agricultural technical assistance, housing and loans. They all depend greatly on the progress of the land transfer programme and the availability of credit, together with contributions from the international community to facilitate the development of these initiatives. The European Union focused its attention on the department of Usulután, assisting 1,500 former combatants of FMLN and 1,500 demobilized members of FAES. In order to meet the needs of 5,000 former combatants and landholders and 1,300 demobilized members of FAES in the remaining departments it was necessary to make use of contributions from other sources, such as Germany, Denmark, Norway, Sweden and the United States. Non-governmental organizations are participating in the implementation of the emergency housing and technical assistance projects.

11. A new programme was established to carry on the agricultural training provided to former combatants and demobilized persons in 1992-1993. During the last crop year (1993/94), agricultural technical assistance was provided through a variety of projects to former combatants, demobilized persons and landholders in areas related to the work of the sector, the preparation of production plans for credit management and the training of promoters and agricultural production leaders. Specifically, it was planned to provide technical assistance to 11,531 beneficiaries (5,280 former combatants, 5,031 demobilized persons and 1,220 landholders) during the period August 1993 to May 1994. This project failed to live up to expectations in terms of technical assistance, training of promoters and implementation of the planned activities.

12. With a view to ensuring basic accommodation for the new farmers and their families, a number of projects were introduced in the last quarter of 1993 designed to provide emergency housing by means of self-help building and mutual assistance. Different systems and arrangements were used to obtain resources for crates of materials with a view to providing basic shelter for 6,000 rural beneficiaries in addition to the 3,000 permanent dwellings planned for the department of Usulután. The provision of basic accommodation ensures that at least 2,100 persons have access to latrine facilities, with a strong possibility of full access being provided for the remaining former combatants and demobilized persons. All the aforementioned beneficiaries are trained in aspects of environmental protection, in resource management and in the system of

self-help building to be used. The development and implementation of projects for the provision of basic accommodation was influenced by delays in the Land Transfer Programme and by the impossibility of guaranteeing the presence of beneficiaries in the transferred properties because the time for tilling and planting had past. Under the programme for the provision of housing with services, it is estimated that in 1994-1995 facilities will be provided under this new initiative for 1,935 former combatants (not including in the department of Usulután), at a cost of US$ 6.9 million and for a similar number of demobilized members of FAES through a project currently under preparation.

13. With regard to rural credit, since the establishment of the Reintegration Programme it has been decided to grant medium-term loans of 15,580 colones (roughly US$ 1,780) to former combatants and demobilized persons (five-year term, one year's grace and a rate of interest of 14 per cent) in support of the start of productive activity. From the beneficiary's point of view, this loan would be added to that granted for the land transfer and possibly to that for housing (40 per cent of the cost). During the 1993/94 crop year and the present crop year up to 31 July 1994, 7,580 out of a total of 12,000 obtained agricultural credit amounting to over US$ 10 million through a trust fund established in the Banco de Fomento Agropecuario. The European Union project on behalf of the demobilized and former combatants in the department of Usulután, which included a number of landholders as beneficiaries, disbursed credits amounting to US$ 1.86 million for 2,055 beneficiaries.

2. Urban reintegration

14. With a view to supporting the economic and social reintegration of former combatants and demobilized persons who opted for an urban environment, a training programme in industry and services was designed, consisting of a six-month period of administrative/entrepreneurial and technical vocational training. Once trained, the beneficiaries would have access to credit amounting to the equivalent of US$ 2,300 with a five-year term and a rate of interest of 14 per cent. This initiative met with considerable delays owing to conceptual difficulties during its preparation and a variety of operational problems. The reprogramming is partly due to pressure exerted by the beneficiaries themselves, who refrained from participating in the rural reintegration projects because of the uncertainty generated by progress in the Land Transfer Programme and the lack of resources for the provision of housing and credit for investment.

15. During 1993 and the first half of 1994, 1,685 former combatants of FMLN and 6,239 demobilized members of FAES completed such training. In August, 1,310 former combatants and demobilized persons obtained credit from a trust fund totalling US$ 7.6 million to meet requests for reintegration into industry and the services sector. The credit was used in connection with small investments, especially in the tertiary sector. Both the training and the administration of credit are undertaken through private social development bodies.

16. In addition, a programme of support for the economic integration of leaders and middle-ranking members of FMLN was launched in April 1993. The main components of the initiative were: technical and managerial/administrative training; counselling for the identification, formulation and implementation of micro-enterprise projects; access to credit and financing for housing. Each beneficiary was given a monthly allowance to meet basic needs during the six-month training period. Most beneficiaries are expected to carry on their activities in urban areas.

17. The training phase for leaders and middle-ranking officers ended in March 1994 and resulted principally in the training of 190 persons as technicians in various occupations and 410 in managerial/administrative skills. Among the latter, 60 were admitted to advanced training programmes (senior management) on the strength of previous vocational training and experience. With regard to the granting of funds for housing construction, the Government took steps to obtain a loan which will be used to provide credits to the leaders and middle-ranking members of FMLN through a trust fund to be administered by the National Fund for Low-Income Housing (FONAVIPO).

18. That phase was followed by one of technical assistance for the identification and formulation of projects aimed at the establishment of micro-enterprises or small businesses. Lending began in May 1994 and will continue for a minimum period of five years. The project will cost US$ 4 million, of which it is planned to use US$ 2.5 million for credit through a trust fund administered by a private foundation. The administrative procedures, required guarantees and disbursement mechanisms have been determined in accordance with the usual procedures for financing the establishment of micro-enterprises, a fact that may have a pronounced impact on their development and impede the successful reintegration of this group of beneficiaries. Recent evaluations point to the need to provide additional technical assistance for setting up the enterprises and for the requisite supervision in the early stages in order to ensure that the various initiatives undertaken by this group of former combatants are sustainable.

19. Other key activities pertaining to the reintegration of former combatants and demobilized persons are related to the Supplementary Vocational and Technical Education Programme. This initiative, known as the scholarship programme, has so far benefited 1,200 persons (699 from FMLN and 501 from FAES) through projects for the completion of university studies (78 per cent of beneficiaries), diversified baccalaureate studies (7.7 per cent), technological training (3.7 per cent) and other types of training (10.6 per cent). Funds amounting to over US$ 9 million have been approved for this initiative to finance scholarships for periods of up to four years in the case of some beneficiaries.

3. Care for the war-disabled

20. Care has been provided for 3,000 FMLN war-disabled through the Secretariat of National Reconstruction in the form of lodging, prostheses and drugs on an ongoing basis. This category of beneficiary also includes 26 blind persons who

have received appropriate rehabilitation. The total cost of the programme in 1993-1994 was US$ 4.3 million. To initiate the process of economic reintegration, 1,019 persons from this group were admitted to the agricultural, industrial and service-sector training programmes described above.

21. With regard to care for demobilized members of the armed forces, the Secretariat of National Reconstruction cooperated in the training and rehabilitation of 144 persons at a cost of some US$ 700,000 for the period 1993-1994.

B. Assistance to communities affected by the conflict

22. The National Reconstruction Plan includes a five-year economic and social investment component (1992-1996) intended to meet the economic and social needs of poor sectors of the population affected by the conflict in 115 of the 262 municipalities into which the country is divided for purposes of political administration, with a target population of 1.8 million. Government bodies directly concerned with project preparation and implementation handle these investments in reconstruction and care for the poor sectors of the population. In addition, investments are channelled through various projects to specific geographic areas.

1. Secretariat of National Reconstruction

23. The Secretariat of National Reconstruction set up by the Government to coordinate the implementation of the National Reconstruction Plan focused in 1992 on the contingency phase of the Plan and in 1993 embarked on the medium-term phase involving the incorporation of projects having a greater impact on levels of economic and social development. In addition to its responsibility for economic and social reintegration projects and for the Land Transfer Programme described above, the Secretariat also attends to the needs of other population groups affected by the conflict. For the prioritization and approval of projects, the Secretariat coordinates its work through town councils, which consult their communities to identify the most urgent priorities. The Secretariat promotes productive, infrastructural and capital investment projects in education and health, environmental protection, economic and social infrastructure and municipal development.

24. In 1993, under the National Reconstruction Plan, the Secretariat promoted the implementation of projects in nine major areas at a cost of approximately US$ 24 million, reaching 650,000 people. Of all resources invested, 38 per cent was in activities executed by non-governmental organizations, 20 per cent in activities executed by town councils and the remainder in activities carried out by governmental bodies. The projects carried out in 1993 focused mainly on the construction and improvement of access road, community electrification schemes, school construction and improvement, basic facilities for municipal operations and water supply. The departments of Chalatenango, Usulután and Morazán

received the largest volume of investment. According to information from the Secretariat of National Reconstruction, 7,215 jobs were created in the course of the year.

25. Under the programme for the current year, a sum of roughly US$ 35 million will be used to finance projects. According to the Secretariat planning, the bulk of this investment will focus on road construction and improvement, support for feasibility studies, agricultural credits, community electrification schemes and enhancement of productive capacity. It is expected that a minimum of 7,500 new jobs will be created through the various initiatives.

2. Social Investment Fund

26. Another institution with a direct bearing on the reconstruction process is the Social Investment Fund, which channels assistance to poor sectors of the population, including those uprooted by the conflict. The Fund promotes and finances infrastructural and capital investment projects in education and health, environmental sanitation, improvement of housing and basic community facilities, food programmes for vulnerable groups, training and technical assistance for the production, infrastructure and equipment of vocational centres for the training of skilled labour.

27. In 1993 the Fund approved 2,022 projects amounting to some US$ 30 million, having carried out 1,407 projects at a cost of over US$ 22 million. Seventy per cent of the projects and over 65 per cent of investment went to communities in rural areas.

28. Last year, the departments with the highest incidence of poverty received more investments per capita. The main emphasis was on financing projects in education (57.2 per cent) and health, sanitation and drinking water (22 per cent), with some 563,000 persons benefiting from these and other initiatives. With regard to the origination of projects submitted to the Fund for consideration, 61 per cent were prepared by the community, 19 per cent by government bodies and the remainder by non-governmental organizations and town councils.

29. In continuation of the process of expansion of the Fund's coverage, emphasis was placed in 1994 on the approval of new investment related to the raising of income levels, training and environmental protection. By May the Fund had approved 533 projects in a variety of areas amounting to over US$ 11.5 million.

3. Other initiatives

30. As part of the agricultural assistance to poor farmers hard hit by the conflict, further progress was made with the implementation of the project entitled "Agricultural Development of Small Farmers in the Paracentral Region" (PRODAP, departments of San Vicente and Cabañas), financed by the International Fund for Agricultural Development (IFAD), UNDP and the Central American Bank for Economic Integration (CABEI) in a total amount of US$ 15 million, which will benefit 7,000 small farmers. Between April 1993 and May 1994 1,137 farmers received assistance in the form of loans (US$ 0.5 million) and training in sustainable agriculture, soil conservation, participation of women, organization and marketing, as well as agricultural technical assistance. About 20 per cent of the current beneficiaries are former combatants, demobilized persons and landowners. In collaboration with the farmers 25 model farms have been established as centres for demonstration and testing of appropriate techniques. One of the project's problems is that 70 per cent of the farmers in the area lease their land and only 30 per cent are owners. This demonstrates the need for finance for land purchase, for farmers can usually lease their land for only two years, with the result that sustainable agricultural development is very difficult. The plan for the current crop year calls for assistance to more than 2,000 farmers.

31. The first half of 1994 saw the start-up of a development for people affected by the conflict in the department of Chalatenango, with organizational work and the establishment of implementation procedures. This IFAD-sponsored initiative is financed by the Fund and other donors, including the European Union and the United Nations Development Fund for Women (UNIFEM). The cost of the project for a six-year period is estimated at US$ 39 million, including the Government contribution, and the beneficiaries will be 11,000 small farmers and small businessmen, including former combatants of FMLN.

32. In 1993-1994 the Development Programme for Displaced Persons, Refugees and Returnees (PRODERE), which is in its final stage and is being implemented in five departments (55 municipalities) with 165,000 beneficiaries, began a process of transfer and transition to enable government institutions and civil society to take over responsibility for maintaining and carrying out the Programme's main projects (production and jobs, health, education, infrastructure, and promotion of human rights). As part of the coordination work under this Programme, which is financed by Italy and managed by the United Nations Development Programme (UNDP), local development agencies have been set up for the departments of Chalatenango and Morazán to coordinate and set priorities for the use of funds provided by local sources and external assistance for production and investment projects.

4. Major infrastructure

33. Under the National Reconstruction Plan the repair and reconstruction of basic infrastructure is a long-term undertaking. Technical and economic studies are needed to determine the best construction and management options with a view to securing funding, particularly loans. The repair and reconstruction work has to be viewed in terms of the local demand generated by economic growth and the

expansion of the basic infrastructure as part of the country's social and economic development.

34. In 1993 and 1994 the Highways Department has been repairing roads and building bridges under the National Reconstruction Plan under 32 projects costing a total of US$ 3.84 million. The total cost of the operation is US$ 6.22 million for the period 1993-1995.

C. Strengthening of democratic institutions

35. The commitments contained in the peace agreements led to the establishment and strengthening of democratic institutions in an attempt to lay the foundations of a new socio-economic, democratic and participatory model.

1. Judicial system

36. The peace agreements stressed the need for a far-reaching judicial reform, going further than the changes made in the system since 1985. From 1992 to 1994 the Salvadorian State, with additional financial assistance from the international community, succeeded in drafting and adopting laws on the judicial system. In 1992 changes were made in the Constitution in order to strengthen the National Council of the Judiciary. In 1994 agreement was reached on constitutional reforms relating to the administration of justice and guarantees of due process which are to be ratified by the present legislature. Several pieces of legislation have been approved during this period, including the Family Code, the Family Law Code of Procedure, the Juvenile Delinquency Act, the National Council of the Judiciary Act, and reforms to the Judiciary Careers Act. Work has also continued on the preparation of the new Criminal Code and Code of Criminal Procedure, the Prisons Act, and the Habeas Corpus Act, which are awaiting approval by the Legislative Assembly. Other legislation such as the new Judiciary Careers Act and a law governing the remedy of amparo are still being drafted.

37. As part of the reform and strengthening of the judicial system major initiatives have been taken, with the assistance of USAID, for improvement of the system's administrative procedures and institutional consolidation of the National Council of the Judiciary and the Judicial Training School, and for the introduction of new approaches to planning in the judicial system. The work done by commissions, the introduction of new codes, and the support given to the Supreme Court of Justice and the Ministry of Justice constitute a good basis for the continuation and carrying through of the judicial reform.

38. The progress made with the reform of the constitution and of subsidiary legislation has helped to offset the shortcomings of the institutions of the system for the administration of justice. However, these shortcomings continue to permit impunity with regard to violations of human rights in El Salvador and they are a factor in the increase in crime. An ONUSAL study of June 1994 indicates that no one has been convicted or sentenced for any of the 75 most serious cases of violation of the right to life reported in the past two years. The new Supreme Court of Justice, which was elected in August 1994 with the

assent of all the political parties and is regarded as the best in the country's history, has already given ample proof of its determination to modernize, purify and reform the system.

39. The reform work requires technical and financial assistance for improving the operation of the new Supreme Court of Justice with respect to its procedures and planning as well as in the performance by the judges of their professional duties. The training of lawyers and legal extension workers is an essential part of the new vision of judicial reform, for the lack of access to justice and the consequent lack of legal perfection of the great majority of Salvadorians is an important factor of exclusion. Assistance is required for legal services programmes designed by non-governmental organizations.

40. Improvements in the administration of justice have an effect on respect for human rights; the National Civil Police and the staff of the National Public Security Academy receive training in how to coordinate their work with the work of the judges. Efforts are also being made to encourage coordination among institutions in areas affecting the work of the judges (National Counsel for the Defence of Human Rights, the Legal Aid Department, the Attorney-General's Office, the National Civil Police and the National Public Security Academy).

41. Activities connected with the dissemination, publicizing and application of national legislation in El Salvador must be strengthened by means of training of university teachers and students and modification of the curriculum, as well as through provision of technical assistance to members of the Legislative Assembly in the drafting and adoption of laws and to the Ministry of Justice.

2. The electoral process

42. Since June 1992 the Supreme Electoral Tribunal, a democratic institution born of the Peace Agreements, has been mainly engaged in the task of ensuring a transparent, free and participatory electoral process. The international community has supported the Government's efforts by providing funding for programmes for carrying out the work envisaged by the Tribunal under the plan for voter registration, training, publicity and popular participation. ONUSAL provided electoral observers and assistance during the electoral process, beginning with voter registration days and the compilation of the electoral register and continuing right up to the elections of 20 March and 24 April 1994.

43. Most of the external assistance provided to support the electoral process resulted from an appeal by UNDP to the international community. These activities consolidated the electoral process and provided institutional support to the Supreme Electoral Tribunal through the provision of technical staff, equipment, training, publicity, materials for the issue of electoral documents and resources for the activities of the Monitoring Board, on which all the political parties are represented.

44. More than 700,000 voter registration cards were issued under the voter registration plan, although it is estimated that 10 per cent of the citizens who sought registration were not included in the electoral rolls. The rolls contain 2,350,000 names - about 85 per cent of the population of voting age.

45. Voter turnout in the elections of 20 March 1994 was 52.6 per cent. The voters elected 84 deputies to the Legislative Assembly (including 20 deputies who, in addition to their national legislative responsibilities, serve in the Central American Parliament), 262 mayors and councillors, and the President and Vice-President of the Republic. In the case of the latter two offices, since no party or coalition obtained an absolute majority, a second round of voting was held in April 1994, when the voter turnout was 45.8 per cent of the persons listed in the electoral rolls.

3. National Public Security Academy and National Civil Police

46. The National Public Security Academy, the institution responsible for the training of the new National Civil Police, has continued its activities in 1993-1994. By 6 September 5,543 basic-level agents and 104 executive and senior-level officers had graduated. Although there has been some slippage in keeping to the schedule, it is envisaged that in this first phase of the Academy's operation the target set in the Peace Agreement for the training of 5,700 agents and 240 officers will be achieved. The National Civil Police is partially deployed in the country's 14 departments, although the plan had been for it to cover the whole of the country by the end of 1994.

47. Despite this progress, the Government announced that owing to the increase of crime in El Salvador the number of police personnel would not be sufficient to provide full protection for the people, and it postponed the total demobilization of the National Police (the former public security force) until March 1995. This decision prompted various reactions as well as comments to the effect that it was not in keeping with the spirit of the Agreement.

48. The National Public Security Academy and the National Civil Police continue to receive technical and financial support from the international community at levels below what is needed. The Academy has the assistance of 40 instructors from Chile, Norway, Spain, Sweden and the United States. It will be important to ensure the continuation of this professional assistance in order to improve police training in certain specialized areas and the training of the Academy's own national instructors.

49. The prospects for the future development of the Academy and the National Civil Police will depend largely on the continued political support of the Government of El Salvador, the timely provision of internal and external resources, and the confidence and support which the National Civil Police win from the people. Continued support by the international community will be crucial if the Academy and the National Civil Police are to perform their respective functions of training and protection of the public. Despite the financial and infrastructure problems in deploying the National Civil Police and the composition of its specialized divisions, it continues to enjoy the support of the majority of the Salvadorians whom it is supposed to protect.

50. According to information from the National Civil Police, the total amount budgeted for its operating needs (essentially for 1993-1994) is US$ 88,067,701; disbursements to date total US$ 55,550,344, which represents 63 per cent of the required amount. The current shortfall is US$ 32,517,357 for the financing of

buildings and equipment, personnel services, construction work and improvements, and materials and supplies, to mention the most important items. Of the total disbursements to date, the Government has contributed a little over US$ 43 million (77.5 per cent) and the international community US$ 12.48 million.

51. In its first two years of operation the methodological approach adopted by the National Public Security Academy was successful in training police officers with a new attitude of respect for human rights. The shortness of the period of training of new officers means that when they take up their duties in the National Civil Police graduates are ill-prepared in certain technical areas. Their training could be improved by means of closer coordination between the Academy and the National Civil Police. In order to make best use of the resources available for the strengthening of democratic institutions, the Government ought to improve and expand the coordination of the activities of the National Civil Police, the National Public Security Academy, the judiciary and the Ministry of the Interior, including the Office of the National Counsel for the Defence of Human Rights.

52. The National Public Security Academy project had an initial budget of US$ 42 million for its operation from May 1992 to April 1994. Subsequently, in the light of updated information, the requirements for the Academy were increased to US$ 75.3 million for the period May 1992 to September 1994. These new requirements, as well as covering a longer period, include the construction, equipping and operation of the Academy. The funding required for 1993 and 1994 amounts to US$ 64.4 million, and contributions totalling US$ 41.4 million (64.3 per cent) have been received from the Government and the international community. The balance of US$ 23 million is required for investments in buildings and infrastructure and for the academic training costs of officers and agents.

4. Office of the National Counsel for the Defence of Human Rights

53. During 1993 and 1994, the Office of the National Counsel for the Defence of Human Rights continued to conduct its activities in accordance with the legal provisions governing its operation. Its energies were focused primarily on three areas: verification of the human rights situation in the country, strengthening of its own institutional capacity, and human rights education and promotion. These activities were supported with financial contributions and technical assistance from various bilateral sources and from the United Nations.

54. In the area of verifying the human rights situation, the Office continued to conduct its supervisory and protection activities, with particular regard to the rights to life, personal liberty and security, and physical integrity. The Office endeavoured to deal with complaints, while at the same time it sought to assist and monitor the work of other government bodies responsible for the administration of justice and the protection of human rights, especially by means of opening local offices in different parts of the country.

55. These verification activities were also strengthened through the technical assistance provided to the Office of the Counsel for the Defence of Human Rights

by ONUSAL through its Human Rights Division. With the prospect of the withdrawal of ONUSAL from the country, and hence of the international community's institutional presence for the verification of the human rights situation, the Office of the Counsel has taken fuller advantage of the cooperation provided to it by the Mission in this and other fields.

56. As far as institution-building and strengthening are concerned there is an urgent need to restructure the Office's operational organization and to carry out an ongoing training programme for its staff. The Office must also adopt better technical procedures and introduce changes in its working methods in order to increase its efficiency and its capacity to respond promptly to the needs of the population throughout the national territory, matters on which it has taken only limited action to date. The Office also needs to be given increased financial resources in order to carry out the activities aimed at strengthening its capacities.

57. The activities undertaken by the Office in the areas of human rights promotion and education are its most developed and dynamic. Through human rights information activities and the training of local human rights workers, the Office brings its mandate to the attention of the public and helps to heighten public awareness of human rights. The Office has carried out several of these programmes in conjunction with national non-governmental organizations and international cooperation agencies.

58. Non-governmental human rights organizations played a key role in publicly criticizing human rights violations during the period of armed conflict. With the decline in the number of human rights violations and the progress made in reforming the administration of juscice following the signing of the Peace Agreement, new challenges and new approaches have emerged, such as the monitoring of democratic institutions by the citizenry. Faced with such alternatives, the different non-governmental organizations have evolved in different ways. The growth of organized crime and the extreme difficulty of eliminating impunity demand real specialists, which the non-governmental organizations are able to provide. The continuation of financial support for such organizations is, therefore, more important than ever.